Don’t you (forget about me): The impact of out-of-the-channel-loop perceptions in distribution channels

Structured Abstract

Purpose—To advance research on channel relationship management, this study tests for the impacts of a channel member’s perception of exclusion from a supplier’s distribution channel networks (i.e., out-of-the-channel-loop perceptions [OCLP]) on supplier–channel partner relationships. We also systematically develop and empirically validate a scale to measure OCLP.

Design/methodology/approach—This article reports two empirical studies. The first develops a new scale for OCLP, following established approaches. The second tests the hypotheses. Survey data from a sample of channel firms operating in four industries were subjected to partial least squares modelling in the test of the hypothesized main and moderating effects.

Findings— We developed the new scale, which includes eight items, that capture OCLP from both social and economic perspectives. The results also show that OCLP has negative impacts on channel members’ psychological and behavioural outcomes (satisfaction, information sharing, positive word of mouth), after controlling for the effect of perceived unfairness. Channel partner perceived peer support emerges as a boundary condition of the impact; perceived informational support attenuates, whereas emotional support amplifies, the impact of OCLP.

Research limitations/implications—This study suggests new research opportunities for explaining business-to-business marketing relationships using newly conceptualised OCLP.

Practical implications— This study highlights that suppliers must recognize the potential for negative consequences of OCLP and manage these perceptions to minimise the negative implications. For suppliers, this study also offers several tools for managing OCLP.

Originality/value—This study introduces ostracism concepts to marketing channel literature to study a potential detriment to channel relationships. The proposed scale captures channel partners’ sense of exclusion from supplier relationships. It provides initial insights into the direct impacts on channel relational outcomes and associated boundary conditions.

Keywords—out-of-the-channel-loop perceptions (OCLP), ostracism, scale development, channel relational outcomes, perceived peer support

Paper type—Research paper

Introduction

Distribution channel networks play a vital role in the success of supplier firms. They account for significant portions of suppliers' revenue, by bringing their products and value-added services to market (Bairstow and Young, 2012; de Ruyter *et al*., 2001). They also represent important sources of intelligence about customer preferences and competitor actions (Frazier *et al*., 2009), and they engage in value co-creation with end users (Sarker *et al*., 2012). Recognizing the importance of channel partners, suppliers invest significant resources in maintaining and strengthening their marketing channel relationships, yet the results are not always what the suppliers might hope. For example, only 33% of channel partners are satisfied with their relationships with suppliers (Fiorletta, 2011); furthermore, many partners complain that they are insufficiently valued or respected (Wright, 2013) and assert that their suppliers have left them out of the loop or exhibited unfair favouritism (i.e., provided preferential treatment to other, favoured partners; Kiernan, 2014).

Real-world and anecdotal evidence highlights the pervasiveness and seriousness of the potentially negative consequences of a channel partner's out-of-the-channel-loop perceptions (OCLP). A recent survey indicates that channel partners consider vendors keeping them out of the loop one of the top three challenges they face (Basinski, 2018, p. 6). In a study among Dell's channel partners, Agrawal (2018) identifies a strong sense that Dell increasingly focuses only on certain partners who represent enterprise commercial accounts, at the expense of smaller partners that sell to niche end-customer markets. Such partners even might stop buying from vendors if they feel left out of the loop, suggesting the need to develop a conscious strategy to maintain channel relationships and avoid creating perceptions of exclusion (Perelsztejn, 2018). In an agency report, Smulo (2018) elaborates on some reasons channel partners might develop OCLP, such as failing to receive information about new product releases, and proposes ways to mitigate this risk, such as providing partners with

continuous support, performance information, invitations to joint strategy sessions, incentives and promotions tailored to their needs, and training for new releases or updates.

These recommendations arguably apply whether OCLP results from a strategically intentional choice or is an unintentional outcome of other factors. That is, regardless of whether the supplier intends to exclude certain channel partners or not, it must be aware of the risk that OLCP evoke negative reactions among channel partners. In some cases, it may make strategic sense to exclude some distributors, such as from a new product launch initiative for example, but the supplier still must consider the potential that channel partners who feel left out will develop negative sentiment. For some suppliers, OCLP represents such a serious issue that they go to great extents to avoid it; after receiving complaints from channel partners, HP issued an explicit promise to improve communication with *all* partners (Yirrell, 2004).

Yet even as anecdotal evidence and practice increasingly emphasize the detrimental impacts of OLCP on distribution and marketing channel networks and relationships (Wright, 2013), marketing channel literature has not addressed this phenomenon in particular. Instead, studies mainly seek to resolve issues such as miscommunication (Nevin and Money, 2008), misalignment (Gilliland and Kim, 2014), or lack of satisfaction (Geyskens *at al*., 1999) in distribution channel networks. We argue that a perception of being out of the channel loop is a distinct issue that demands specific research attention. In particular, OCLP result from a form of ostracism; rather than being completely excluded by supplier, out-of-the-loop channel members only lack access to certain information or activities (e.g., product launches, specific communication campaigns, incentive structures). They still have access to some resources from suppliers and likely are aware of other forms of support that they are not receiving (Jones *et al*., 2011). Such ostracism has been the focus of research in work and

scholastic domains (Jones *et al*., 2009; Wittenbaum *et al*., 2010) but remains poorly understood in marketing channel settings.

Furthermore, a feeling of being ostracized can evoke various psychological, affective, and behavioural responses (O'Reilly *et al*., 2015), including psychological distress (e.g., job-induced tension; Scott *et al.*, 2014), negative attitudes (e.g., reduced affective commitment, increased psychological withdrawal; O'Reilly *et al*., 2015), and diminished extra-role behaviour (e.g., fewer organizational citizenship behaviours; Hitlan *et al.*, 2006). According to Mo *et al*. (2019), OCLP in particular functions as a boundary condition in channel relationships, though they use a generic measure of OCLP, without specifying facets that are uniquely relevant to marketing channels, detailing how OCLP directly affects relationship outcomes, or providing actionable strategies for companies to mitigate the potentially harmful consequences for their channel relationships. In response, we systematically seek to address these gaps, in an effort to make two main contributions to marketing channels literature.

First, we broaden existing views of ostracism to marketing channels in an effort to explore a potential source of channel partner dissatisfaction in relationships with suppliers. In conceptualizing partners' OCLP, we distinguish it from other, more well-established sources of relationship discontent, such as perceived unfairness, opportunism, or channel conflict (Samaha *et al*., 2011). Accordingly, we establish and corroborate the conceptual development of OCLP and systematically develop and empirically validate a scale to measure the concept, comprehensively and with specific reference to channel partners. The proposed scale encompasses the specific exchange experiences that produce OCLP among channel partners, so in turn it offers clear, actionable insights for channel managers.

Second, we aim to contextualize OCLP. We derive a core conceptual model that demonstrates the predictive power of our newly developed scale in a nomological network, using marketing channel–relevant outcomes. That is, we specify and test the effects on

important attitudinal and behavioural outcomes, including the reseller's satisfaction, information sharing, and word-of-mouth (WOM) behaviour, all of which may contribute to sustained, profitable channel relationships (Geyskens *et al*., 1999; Gu and Wang, 2011). In addition, by detailing boundary conditions, we identify both mitigating and intensifying strategies that might attenuate or strengthen the effects of OCLP. Building on recent insights into coping strategies used in response to ostracism (Benos *et al*., 2018; Wu *et al*., 2012), we adopt a resource-oriented perspective to explore whether and how different types of resources, readily available in the channel partner's relational networks, might buffer against the negative effects of OCLP. Specifically, we posit that channel partners' perceptions of peer support (both informational and emotional) in a distribution channel network influence the impact of OCLP. Survey data collected from channel partners empirically confirm that these two forms of perceived support provide coping mechanisms that can influence channel partners' responses to OCLP. This empirical evidence in turn offers implications for managing and mitigating potential harms to the relationships among channel partners.

To derive these contributions, we first establish a conceptual background for OCLP. Next we systematically develop and empirically validate a measurement scale for OCLP, specific to distribution channel contexts. Drawing on conservation of resources (COR) theory, we also develop a conceptual model to test the direct impact of OCLP on channel relationship outcomes and its boundary conditions, using data collected from channel firms in four industries (IT services, automobiles, home appliances, and telecommunications). Finally, we discuss the theoretical and practical implications of our findings for both suppliers and channel relationship management research.

Conceptual Background of OCLP

Despite increasing concerns about OCLP in distribution channels, we lack a proper conceptualization of this phenomenon. Mo *et al*. (2019) briefly discuss OCLP; we extend

their work by conceptualizing OCLP on the basis of insights drawn from out-of-the-loop and ostracism literature (Jones *et al*., 2009; Williams, 2007).

A feeling of being out of the loop arises when a member of a group remains unaware of information known by others, whether that exclusion is intentional or not (Jones *et al*., 2009). As Wittenbaum *et al*. (2010) clarify, a group member could be deliberately prevented access to information by other group members; perceive being out of the loop because of her or his own lack of experience or interest, which produces a lack of domain knowledge; or suffer exclusion due to an accidental oversight. Mo *et al*. (2019) elaborate on a context-specific form of being out of the loop in distribution channels, noting a joint influence of transaction-specific investments and OCLP on various behavioural outcomes. Combining these insights, we propose that OCLP in channel settings can result from various sources: A supplier might not allow a distributor to sell its full range of products, might not invite the distributor reps to a social function, or could fail to inform the distributor of new business opportunities, even as it offers these resources to other channel partners.

As ostracism research notes, being overlooked, excluded, or ignored by other individuals or groups is a common experience in any social context (Williams, 2007; Williams and Sommer, 1997). Some context-specific constructs capture exclusionary experiences in various settings, such as linguistic ostracism (Dotan-Eliaz et al., 2009), language-based exclusion (Hitlan *et al*., 2006; Kulkarni and Sommer, 2015), or workplace ostracism (Ferris *et al*., 2008; O'Reilly *et al*., 2015). Regardless of the context though, the feeling of being excluded is painful and aversive, and many studies highlight its negative consequences (Kouchaki and Wareham, 2015; O'Reilly and Robinson, 2009), including unethical behavioural responses (Kouchaki and Wareham, 2015), aggression (Twenge *et al*., 2001), or negative attitudes (Williams, 2001).

With this study, we bridge these two research streams to propose that feeling out of the loop represents a form of *ostracism*, which we define for our study context as a situation in which the channel partner feels occasionally left out, usually not due to any malicious intent by the supplier but rather as an unintentional result of other business decisions or a vast network size (Jones *et al*., 2011). Compared with broader definitions of ostracism or exclusion, we regard the notion of being out of the loop as particularly useful for capturing resellers' sense of exclusion from a supplier's distribution channel network. As Jones *et al*. (2009, p. 158) argue, ostracism can be classified along a continuum from complete to null, and "people may be excluded and ignored at some times but not others, included consistently to a lesser extent than other group members, or included in some domains, but not others." Accordingly, ostracism offers a valuable theoretical basis for developing the concept of OCLP in a distribution channel context. In a distribution channel network, channel partners rarely are completely excluded; they still receive support from suppliers in certain areas. But they may experience exclusion in other situations (e.g., not invited to a specific meeting, not informed about new business opportunities), which could accumulate and cause them to feel ignored in the channel network overall. Furthermore, a sense of being out of the loop requires at least three parties (i.e., two parties are needed to create the loop; Jones *et al*., 2009), so it is relevant to study this type of perceived exclusion in a network setting.

Social psychology also cites the idea of being out of the loop, as a situation in which "an individual perceives being uninformed of information that is mutually known by other group members and that is relevant to social or task activities" (Jones *et al*., 2009, p. 158). Table 1 summarizes several other pertinent definitions. These research contributions tend to adopt a narrow view, using the construct solely to capture an excluded feeling in relation to a particular activity (e.g., information sharing) in social group settings (Jones *et al*., 2009; Wittenbaum *et al*., 2010). In contrast, organizational behaviour and management researchers

often take a broader view, to describe a general feeling that may result from various experiences, such as being deprived of social interactions with co-workers and supervisors (Kirkman *et al*., 2002), not being valued as a central part of an organization's functions (Knapp *et al*., 2014), or being treated like an outsider (Stamper and Masterson, 2002). Social experiences, such as not being informed about important details, similarly might cause channel partners to feel excluded, but it is unlikely to be the only source of such a feeling in a channel setting. Because supplier–channel partner relationships are driven primarily by economic considerations, experiences with economic exchange activities should have important influences on this feeling too (Geyskens *et al*., 1999). We integrate these various research insights in developing a scale to measure OCLP.

*** Table 1 about here ***

Phase 1: OCLP Scale Development

Because existing scales are not appropriate for measuring OCLP in distribution channels, we seek to develop a valid, reliable scale before testing the conceptual model and predicted relationships. We adopt Zboja *et al*.*'s* (2016) approach, which follows the framework of Churchill's (1979) widely accepted procedure but also incorporates updates and improvements recommended by subsequent scale development researchers (e.g., DeVellis, 1991; Gerbing and Anderson, 1988; Netemeyer *et al*., 2003; Rosenzweig and Roth, 2007), to ensure a measure with excellent psychometric properties. We made some modifications that account for recent scale development insights too (Brocato *et al*., 2012; Homburg *et al*., 2015). We present the six-step scale development process in Figure 1.

*** Figure 1 about here ***

Step 1. Construct definition and scale design

To determine whether being out of the loop provides a proper theoretical foundation for capturing the nature of channel partners' perceived exclusion by the supplier, we sought

insights from expert practitioners. Specifically, we identified and interviewed 12 senior managers, representing different channel partner firms (resellers) in four industries that are marked by typical supplier–channel partner relationships: IT services, automobiles, home appliances, and telecommunications. The firms were selected to represent diverse locations (i.e., from top-tier and lower-tier cities) and sizes (i.e., ranging from less than 10 to more than 200 full-time employees). The selection on the basis of such company characteristics ensures a more comprehensive view of the phenomenon across distribution channels, even with our small sample size (Ulaga and Eggert, 2006). We asked these senior managers whether they ever felt excluded or ignored when dealing with previous or current suppliers. For those who admitted they had, we probed the specific experiences that led to this feeling. We followed Spiggle's (1994) step-by-step guide to analyse these interview data, during and after the data collection phases. Specifically, we used data obtained from the initial interviews to guide later interviews, in terms of sample selection and interview scope. During the analysis process, we compared data collected from different channel partners to identify thematic commonalities in the experience of OCLP. Building on commonalities, we then distinguished a set of key indicators (e.g., market information sharing, reply to requests or enquiries, channel functions) that could be integrated to describe the sense of being left out of the channel. The analyses indicate that channel partners' real-life OCLP align with our literature-based dimensions, suggesting that we have established a rich depiction of channel partners' actual OCLP.

In addition, the results reveal that most channel partners have experienced a feeling of exclusion in their relationships with suppliers; they often mentioned this perception as an outcome of a comparison with other peers in the same network that also interact with the supplier. The initial interviews confirmed that the concept of being out of the loop provides an appropriate starting point for capturing a channel partner's sense of exclusion from

channel networks. The interviewees also cited a wide range of experiences to describe their feelings of being ignored or excluded, suggesting that a broader scope is necessary to conceptualize this phenomenon in channel networks.

On the basis of our preceding review of definitions of being out of the loop, together with the results of our interviews with industry practitioners, we develop a novel definition of OCLP to establish a more comprehensive understanding of the phenomenon of channel partners' perceived exclusion from suppliers' channel networks. Specifically, OCLP is *a channel partner's belief that it is being ignored or excluded by the supplier from either economic (e.g., product distribution, market information) or social (e.g., channel network meetings, supplier visits) exchange activities in which other channel partners are included* (see also Jones *et al*., 2009).

To establish its uniqueness, we also distinguish OCLP from other well-established constructs that capture a channel partner's negative experiences in dealing with a supplier, such as supplier opportunism, channel conflict, or supplier unfairness (Samaha *et al*., 2011). Supplier opportunism refers to a supplier's guileful behaviours (e.g., distorting information, breach of contract, cheating, lying) to maximize its own self-interest (Brown *et al*., 2000). It captures a supplier's active, deceptive behaviours toward a channel partner. However, channel firms might perceive that they are out of the channel loop even if the supplier has not engaged in any unethical behaviour. At the network level, being out of the channel loop also moves beyond the one-to-one exchange relationship that supplier opportunism suggests. Channel conflict is a disagreement between a supplier and one of its channel firms, arising as a result of each partner's efforts to achieve its business goals (Samaha *et al*., 2011). The focus is on the interaction between the supplier and channel firm, each trying to maximize its own benefits during the exchange (Rahim, 2002). The focus of OCLP instead is the absence or lack of interaction with the supplier. Finally, supplier unfairness pertains to the channel

firm's sense of the degree to which the distribution of rewards relative to its effort is inequitable (Samaha *et al*., 2011). Similar to supplier opportunism and channel conflict, supplier unfairness usually refers to a dyadic, supplier–reseller relationship (Kumar *et al*., 1995). Perceptions of supplier unfairness largely depend on the investments the channel firm makes in the supplier; in contrast, OCLP may have nothing to do with investments. For example, a channel reseller may believe it has been fairly compensated by the supplier for its sales effort but still feel out of the channel loop, due to the minimal attention it receives.

Thus, in Step 1, we develop a definition for OCLP specifically to capture the channel partner's feeling of exclusion from the supplier's channel networks. The interviews we conducted enriched our understanding of this phenomenon in supplier–channel partner relationships and confirmed its existence in distribution channel networks.

Step 2. Item generation

To generate the initial item pool, we again relied on our interviews with industry practitioners and an extensive literature review. During the initial interviews with the 12 senior managers, we probed specific channel experiences that made them feel as if they had been ignored or excluded by suppliers, and their responses indicated specific items that might measure this feeling. These interviews confirmed that the feeling pertains to a wide range of channel experiences in exchange relationships (see Table 2 for examples). In addition to the practitioner-inspired items, we used items from existing scales, including constructs such as perceived insider status (Stamper and Masterson, 2002), perceived out-of-the-loop status (Jones and Kelly, 2013), workplace ostracism (Ferris *et al*., 2008; O'Reilly *et al*., 2015), satisfaction (Geyskens and Steenkamp, 2000), perceived organization support (Eisenberger *et al*., 1986), and perceived organizational justice (Colquitt, 2001). These two sources—industry practitioners and prior literature—yielded an initial set of 42 items.

*** Table 2 about here ***

Step 3. Expert judgments and pilot test

We presented this pool of 42 items to 10 marketing scholars whose research focus is supply chain management and relationship marketing, to check their face and content validity. The judges evaluated the degree to which each item was representative of the definition of OCLP (Hardesty and Bearden, 2004). If less than two-thirds of the judges identified an item as representative, we removed it. This process reduced the initial set to 26 items.

We then administered these 26 items to a group of 14 professionals who worked in distribution channels, for pilot testing. The participants were identified through convenience sampling. We eliminated 2 items that the respondents viewed as too repetitive. Other concerns raised during the pilot test included redundancy among questionnaire items and scale length; however, such concerns are to be expected at this stage of the development process (Zboja *et al*., 2016). We thus retained 24 items as the initial basis for the OCLP scale.

Step 4. Scale purification (first survey)

The process continued with scale purification, to reduce the items further and make the scale more applicable in practice. We also examined the factor structure of the initial OCLP scale items. We collected data for this round in collaboration with an IT service industry association that has more than 5,000 registered channel firms, including systems integrators, managed service providers, value-added resellers, IT consultants, cloud specialists, and IT solution providers. We chose the IT service industry, because it features power asymmetry in the relationship between the supplier and channel partners (CompTIA, 2016), which made channel firms especially vulnerable to supplier mistreatment. We sent invitations to 600 members randomly drawn from its database; a total of 155 partners provided usable responses and were included in the analysis. We measured OCLP on seven-point scales, ranging from strongly disagree (=1) to strongly agree (=7). The respondents are appropriate

for this study, including top-level managers such as chief executive officers and managing directors (31.3%) and middle-level managers such as channel managers/directors, sales and marketing managers/directors, and procurement managers (68.7%). In terms of company size, 12.5% of the sample had fewer than 10 employees, 21.9% had 11–20 employees, 23.4% had 21–30 employees, 20.8% had 31–40 employees, 8.9% had 41–50 employees, and 12.5% had more than 50 employees. To check for non-response bias, we compared early respondents (first 30) against late respondents (last 30) and found no significant differences in company size or age (Armstrong and Overton, 1977). In addition, we compared the participating firm with a random group of 50 non-participating firms and found no significant differences in their size and age. Therefore, non-response bias does not appear to be a concern.

The purification process started with confirmatory factor analysis (CFA). We performed principal components analysis (PCA) with Varimax rotation on the 24 items. The first PCA with 24 items yielded four factors with eigenvalues greater than 1, explaining 63.9%, 4.4%, 3.1%, and 2.9% of the variance. However, the scree plot indicated a clear break after one component, implying a one-factor solution. Following Horn's (1965) recommendation, we conducted additional parallel analyses, and these results confirmed a one-factor solution. To achieve a more parsimonious scale, we dropped items with low loadings (< .3) on the first factor (Floyd and Widaman, 1995) and communalities below .5 (Hair *et al*., 2010), in a stepwise, iterative manner. This procedure reduced the number of scale items from 24 to 8, for a reduction ratio of 3, in line with common suggestions for adequate domain sampling (DeVellis, 1991; Netemeyer *et al*., 2003) and good scale development practices in operations management research (Ambulkar *et al*., 2015; Rosenzweig and Roth, 2007).

Step 5. Initial validation (second survey)

The objective of this step was to examine the dimensionality, reliability, and convergent and discriminant validity of this new scale. To achieve these objectives, we conducted a second survey. A market research company was commissioned to perform the data collection; it identified senior managers from different channel firms in its database and invited them to complete our survey. Of the 200 questionnaires sent, 115 were returned, for a response rate of 58%. After removing incomplete responses and those that failed the quality check (i.e., respondents indicated 4 or below on a 7-point scale of their knowledge about the channel relationship), the final sample consisted of 98 channel partners. In terms of their positions, 56.4% were owners and top-level managers, and 43.6% were middle-level managers such as channel, sales, or marketing managers/directors. In terms of company size, 39% of the sample had fewer than 10 employees, 20% had 11–20 employees, 7% had 21–30 employees, 10% had 31–40 employees, 4% had 41–50 employees, and 20% had more than 50 employees. To check for non-response bias, we compared early respondents (first 30) against late respondents (last 30) and found no significant differences with respect to their size or age (Armstrong and Overton, 1977). Non-response bias thus is not a concern for these data. To test for discriminant validity and confirm the distinctiveness of OCLP from other relevant constructs in channel literature, we included a four-item measure of perceived unfairness (Samaha *et al*., 2011). Compared with perceived opportunism and channel conflict, which reflect a dyadic perspective (Rahim, 2002; Samaha *et al*., 2011), perceived unfairness appears conceptually closer to OCLP, because it captures influence from a network perspective (i.e., comparing treatment received from the supplier with that received by peers). Thus, it may be confounded with OCLP.

To account for the potential impact of common method bias, we performed Harman's single-factor test, but the first factor accounted for only 32% of the total variance (Podsakoff *et al*., 2003). To test its dimensionality, we performed another PCA with the remaining eight

items, and the results confirmed a single-dimension solution. The eight-item OCLP scale accounted for approximately 76% of variance in the items, with significant factor loadings above .5 for all items (Hair *et al*., 2010). We then used a CFA to evaluate the psychometric properties of the OCLP scale. The model shows adequate fit to the data (χ^2 = 46.279, df = 20; comparative fit index [CFI] = .95; incremental fit index [IFI] = .95; standardized root mean square residual [SRMR] = .06). All item loadings were greater than .5 (lowest was .56). The scale exhibited good internal consistency and convergent validity, with composite reliability (CR = .92) and average variance extracted (AVE = .60) values that exceeded the required thresholds of .6 and .5, respectively (Hu and Bentler, 1995). Table 3 provides the full results.

*** Table 3 about here ***

To test for the discriminant validity between OCLP and perceived unfairness, we applied Fornell and Larcker's (1981) approach. The squared correlations ($.28^2$ = .08) between these two constructs is smaller than their respective AVEs (AVE_{OCLP} = .60, $AVE_{unfairness}$ = .66), in initial support of discriminant validity. In addition, we conducted CFAs to compare the two-factor model (items loaded onto OCLP and unfairness separately) with a single-factor model (all items load on one factor); they indicated the superiority of the two-factor model because of its better model fit (Table 4). This evidence supports the discriminant validity between the two constructs (Homburg *et al*., 2015).

Step 6. Final validation (third survey)

To validate the dimensionality and properties of the scale further, we conducted a third survey, targeting channel firms from the pharmaceutical, automobile, home appliance, and telecommunication industries. Suppliers in these industries typically distribute products and services through indirect sales networks that comprise hundreds or thousands of resellers, so they offer a suitable context for testing the study phenomena. Collecting data from various industries also helps increase the generalizability of our findings (Brocato *et al*., 2012). We

commissioned a professional market research company to conduct the data collection; it sent the questionnaire to 500 channel firms randomly drawn from its company's database, with senior managers at each firm as the targeted respondents. After removing incomplete responses and those that failed the quality check, the final sample consisted of 183 responses that we used for the analysis. The respondents appear competent for the survey, with average ratings of 5.5 on the 7-point scale (1 = "no knowledge at all," 7 = "very knowledgeable") of their knowledge about the supplier relationship. In terms of positions, 39.4% were owners and top-level managers, and 60.6% were middle-level managers.

To validate the scale, we first performed exploratory factor analysis with Varimax rotation on the eight OCLP items; only one factor could be extracted from the data, suggesting a unidimensional structure. We then conducted a CFA to evaluate the psychometric properties of the single-factor model. The results indicated a good fit to the data ($\chi 2 = 69.53$, df = 20; CFI = .95; IFI = .95; SRMR = .06), confirming OCLP's unidimensionality. In support of the convergent reliability of the OCLP scale, its AVE (= .63) exceeded the threshold of .50. To assess reliability, we calculated CR (= .93), and it also exceeded the threshold of .70. To test the discriminant validity of OCLP, relative to other relevant constructs, we again included perceived unfairness in this third survey. Following an approach similar to the initial validation process, we compared the squared correlations ($.24^2$ = .06) of these two constructs with their respective AVEs (AVE_{OCLP} = .63, $AVE_{unfairness}$ = .75), which offers support for discriminant validity (Fornell and Larcker, 1981). We then conducted additional CFAs to compare the alternative models (Table 4), and the results again support the distinctiveness of these two constructs. The two-factor model achieves superior fit with the data (Homburg *et al*., 2015).

*** Table 4 about here ***

Phase 2: Using the Scale to Explore the Impact of OCLP on Channel Partners

To explore the impact of OCLP on channel partners, we draw insights from conservation of resources (COR) theory, which posits that people strive to maintain, protect, and acquire inherently limited resources (Hobfoll, 1989, 2001). This theoretical framework is useful for explaining the psychological processes people undergo when they perceive a potential or actual loss of valued resources, and it provides a theoretical grounding for examining OCLP from a resource–threat perspective. If channel partners perceive that they are out of the channel loop, they also acknowledge the potential or actual loss of valued resources available in that loop. That is, perceptions of being left out of the channel loop imply a loss of access to valuable resources (e.g., business opportunities, marketing and sales support) provided by the supplier. According to COR theory, such potential or actual losses cause people to feel threatened, which has implications for their psychological and behavioural outcomes (Grandey and Cropanzano, 1999).

In addition, COR theory suggests that people rely on coping mechanisms to deal with such threats and turn to other sources to offset the loss of resources (Hobfoll, 1989). The availability of alternative resources should influence the degree to which channel partners view OCLP as a threat. In distribution channel networks, an important source of resources is the peer community; channel partners can share work-related information or knowledge, as well as provide care and sympathy. The latter effort fulfils their psychological needs, such as belonging and self-esteem, which are important to channel partners (Corsten *et al*., 2011). Thus, peer support in the channel community may serve as an important alternative resource to buffer the negative effects of perceived supplier exclusion. Two types of support from peers are especially relevant to channel contexts: informational and emotional (Claro *et al*., 2003; Stanko *et al*., 2007). We posit that they perform different functions in helping partners cope with perceived supplier exclusion. As depicted in the conceptual model in Figure 1, we argue that OCLP serves as a relational stressor that influences channel partners' attitudinal

and behavioural outcomes in relation to the supplier. We also posit that perceived informational and emotional support from peers function as coping mechanisms that can influence channel partners' responses to OCLP. A channel partner's satisfaction with a supplier represents an important attitudinal variable that is fundamental to a sustained channel relationship (Geyskens *et al*., 1999). Moreover, positive WOM and information sharing behaviours have been identified as key aspects of sustainable channel relationships (Brown *et al*., 2005; Frazier *et al*., 2009).

*** Figure 2 about here ***

Hypotheses development

When channel partners experience OCLP, they sense a disadvantage relative to their peers in the context of the particular relationship with a focal party (e.g., supplier), which generally culminates in a sense of not being able to obtain desirable returns from the relationship (Scheer *et al*. 2003). Regardless of the cause for being excluded (i.e., strategic or unintentional), perceived exclusion, as an unexpected situation, evokes negative attributions and diminished perceptions of the actor's (own) perceived standing within a group, increases a sense of being distrusted or even disliked by others (Jones and Kelly, 2010), and can diminish satisfaction among group members (Van Prooijen *et al*., 2004). Research confirms that exclusion also results in a perceived loss of control and a feeling of inequity or being at the mercy of others (Gerber and Wheeler, 2009). In a channel context, imbalanced relational equity reduces channel partner satisfaction with suppliers (Geyskens and Steenkamp, 2000). Thus, we expect that OCLP exerts a negative impact on channel partners' satisfaction with the supplier.

In addition to negative evaluative judgments, emerging evidence indicates that people who feel excluded are inclined to decrease their active contributions to shared activities and problem-solving tasks. Specifically, out-of-the-loop respondents (cf. in-the-loop respondents)

tend to share less information and voice their opinions to a lesser extent and offer fewer suggestions in group interactions (Jones *et al*., 2011). Accordingly, we predict that OCLP leads to less information sharing with the supplier by channel partners.

Finally, some evidence indicates negative effects of exclusion on general appraisals. People who feel left out likely experience negative emotions, such as anger or disappointment (Dotan-Eliaz *et al*., 2009), that discourage them from talking positively about others (Ladhari, 2007). As argued previously, people who feel left out also may perceive that they are distrusted or disliked by others. According to Jones *et al*. (2009), they likely respond reciprocally, by exhibiting decreased levels of trust and (public expressions of) liking of others. In our study context, we thus expect that OCLP decreases the likelihood of positive WOM about the supplier. Formally,

H1: Channel partners' OCLP is negatively associated with their (a) satisfaction with the supplier, (b) information sharing with the supplier, and (c) positive word of mouth about the supplier.

Informational support includes supplying relevant data or knowledge to help channel partners understand and cope with the challenges related to exclusion (Scott *et al*., 2014). To cope with being left out, people look for different types of support, through alternative relationships and a sense of belonging (Baumeister and Leary, 1995). Alternative sources of support allow them to substitute bonds that are under threat due to exclusion (Scott *et al*., 2014). According to social support theory, alternative sources of support also can exert contrasting effects (Cohen and Willis, 1985). Peers' informational support complements information that suppliers may not provide but is necessary for returns (e.g., identifying new business opportunities) or to resolve work-related problems that the supplier fails to address (e.g., instructions on a new product upgrade). Thus, peer informational support has the potential to offset the perceived disadvantages caused by supplier exclusion in channel

partners' evaluative judgments about the relationship. We argue that peer information support may mitigate the negative impact of OCLP on channel partners' satisfaction with a supplier.

Similarly, receiving information support from their peers may make channel partners more aware of the social norm of reciprocity and responsibility for the greater good throughout the distribution network. Then they might be more willing to share information with others, including the supplier (Mathwick *et al*., 2008), to reaffirm their association with the network as a system (Brewer *et al*., 1993). Such reciprocity also might compensate for the psychological disconnection caused by perceived supplier exclusion, which in turn should reduce the negative impacts on information sharing. Furthermore, peer information support could reduce the negative impacts of perceived distrust and dislike or a general sense of being disadvantaged (Schefft and Biederman, 1990). Peer information support therefore has the potential to mitigate the negative impact of OCLP on (positive) WOM. Accordingly,

H_2: Perceived peers' informational support mitigates the negative relationships of channel partners' OCLP with their (a) satisfaction with supplier, (b) information sharing with the supplier, and (c) positive word of mouth about the supplier.

Perceived peer emotional support instead helps people express their feelings and become more aware of them, by sharing their concerns with others (Drach-Zahavy, 2004). On the one hand, with perceived emotional support from peers, channel partners might learn how to cope with exclusion by suppliers by bolstering their feelings of self-worth and esteem (Scott *et al*., 2014). On the other hand, Rimé *et al*. (1992) theorize and find that affective sharing of negative events with others reinforces negative ruminations on these events, with detrimental psychological ramifications. Rather than alleviating a negative experience, perceived emotional support thus may intensify negative affect, by causing people to focus more intently on the negative events. Thus, perceived emotional support could encourage channel partners who feel left out to ruminate on the issue and intensify their OCLP (Scott *et*

al., 2014). We then predict a stronger overall negative impact of OCLP on channel partner satisfaction, information sharing, and WOM. Formally,

H3: Perceived peers' emotional support intensifies the negative relationships of channel partners' OCLP with their (a) satisfaction with supplier, (b) information sharing with the supplier, and (c) positive word of mouth about the supplier.

Method

We collected relevant data in the third survey conducted in Phase 1 to test the hypotheses. The study was conducted in China with the assistance of a professional market research firm that specializes in business and supply chain research. The online questionnaire targeted senior managers of 500 channel partner firms that had been drawn randomly from a database of approximately 8,000 distributors and resellers in four industries (IT services, automobiles, home appliances, and telecommunications). We received 215 completed surveys, for a response rate of 43%. After removing incomplete responses and those that failed the quality check, the final sample consisted of 183 responses. Among the respondents, 83.5% were men. In terms of age, 50% of the respondents were aged 31–40 years, followed by 38.5% between 21–30 years, 6.3% between 41–50 years, and 5.2% aged 51 years or older.

The respondents had to reflect on their firm's relationship with a focal supplier. We confirmed that they had comprehensive understanding of the study phenomena by asking them to rate their knowledge of the relationship with the focal supplier; they averaged 5.5 on the 7-point scale (1 = "no knowledge at all," 7 = "very knowledgeable"). Furthermore, 39.4% of the respondents were owners and top-level managers, and 60.6% were middle-level managers. In terms of company size, 41.5% of the sample had fewer than 10 employees, 17.5% had 11–20 employees, 8.7% had 21–30 employees, 3.3% had 31–40 employees, 5.5% had 41–50 employees, and 23.5% had more than 50 employees. The average number of employees for the sample is less than 20, consistent with recent evidence that indicates that

micro and small enterprises (1–20 employees) account for 70%–95% of all firms in vertical distribution channels across sectors (OECD, 2017). The average length of the channel relationships in our sample is slightly less than 6 years, matching the typical relationship length cited in prior literature (e.g., Liu *et al*., 2008; Skarmeas *et al*., 2008). In addition, 37.7% of the companies are exclusive dealers that sell only the products and services of one particular supplier, often in a designated area that peers are prohibited from entering (Hamlin *et al*., 2012).

We made it clear to these respondents that their responses would be treated confidentially and offered assurances of anonymity, which should minimise social desirability biases (Gray, 2017). Furthermore, we worked to keep the survey short and extensively pretested the items to ensure their readability, which should minimise cognitive overload. The measurement scales for all the constructs came from prior literature and offer proven reliability and validity, though we made some minor modifications to fit the study context. Table 5 contains the complete list of items with their factor loadings, reliability, and AVE values. We pretested the questionnaire among 30 professionals in channel firms from the four target industries and asked them to comment on any items they found ambiguous or difficult to understand. We made minor modifications accordingly.

*** Table 5 about here ***

For OCLP, we adopted the new scale that we have developed, which includes eight items that capture the extent to which partners feel excluded, from both social and economic perspectives. These OCLP measures are reflective indicators, according to conceptual arguments. That is, in line with Jones *et al*. (2009), we classify ostracism on a continuum, and predict that in a distribution channel network, channel partners rarely are completely excluded, because they still receive some support from suppliers, just not in all realms. The indicators accordingly aim to capture different types of exclusion. A channel partner may

develop OCLP if it experiences one or a few types of exclusion, not necessarily all of them. The empirical tests also have demonstrated the unidimensional nature of our newly developed measurement, so a reflective perspective likely is more appropriate (Diamantopoulos and Siguaw, 2006).

We measured perceptions of peers' informational support with a four-item scale adopted from Drach-Zahavy (2004) that reflects the availability of work-related knowledge or data that partners can expect from others in the channel network. Perceptions of peers' emotional support captures the extent to which channel partners share feelings and concerns with one another, measured with a four-item scale adopted from Drach-Zahavy (2004). At the channel partner network level, perceived peer emotional support (H_3) refers to overall emotional support from other channel partners, so we adjusted the original measures (Chan, 1998) accordingly, such as with items that read, "In this supplier's channel partner network, members…." The measures thus capture the focal channel partner's accumulated experience interacting with other channel partners within the network and perceptions of the emotional support received, such as how well the focal channel partner feels understood and accepted by other peers. Notably, emotional support has been studied at various levels (individual, Scott *et al*., 2014; team, Drach-Zahavy and Somech, 2002); we focus on the channel partner network level.

We adopted the scale for information sharing from Corsten *et al*. (2011); it refers to regular interactions between the supplier and channel partner that permit the transfer, recombination, or creation of specialized knowledge. To capture the channel partner's satisfaction with the supplier, we adopted a four-item scale from Seggie *et al*. (2013). The three items to measure positive WOM came from Brown *et al*. (2005), such as the extent to which partners make others aware of their business relationship with the supplier or provide

positive recommendations of the supplier. All items were measured with 7-point, Likert-type scales (1 = "strongly disagree," 7 = "strongly agree").

We also included control variables that may influence channel partners' behaviours and attitudes in relation to the supplier. The channel firms in these four industries vary greatly in size, which may have implications for their responses to OCLP, so we control for firm size, measured as the number of employees. Relationship length captures the number of years the channel firm and supplier have been doing business together, which has significant implications for business decisions and outcomes (Ju and Gao, 2017). The strategic importance measure features a single item from Dahlquist and Griffith (2014) that indicates how important the focal supplier is to the business, relative to alternative suppliers. For the measure of exclusive dealing, we asked the respondents if they carried alternative products, produced by other suppliers (yes/no) (Frazier *et al*., 2009). We also included perceived unfairness as a control variable to determine whether OCLP can uniquely explain additional variance in the dependent variables, beyond that explained by this well-established, relationship-damaging factor. It was measured with a four-item, 7-point, Likert scale extracted from Samaha *et al*. (2011). We assessed multicollinearity by examining the variance inflation factors (VIF). However, multicollinearity is not an issue in this study, because the largest VIF in our structural model is 3.058, far below the suggested cut-off value of 10 (Neter *et al*., 1990). We also ran the analysis without controlling for perceived unfairness, and the main findings were consistent.

For the CFA, we used AMOS 22, software suite 9, which verified the reliability and validity of the constructs. Table 2 contains the model fit indices, factor loadings, CR, and AVE values for the constructs. The fit indices suggest a good fit of the measurement model ($\chi^2(375) = 540.40$, $p < .00$; CFI = .96; root mean square error of approximation = .05; SRMR = .05; IFI = .96; Tucker–Lewis index = .96). To test for convergent validity, we checked the

significance and magnitude of the item loadings, then dropped one item measuring information sharing, due to its low factor loading. All other items loaded significantly on their respective constructs and had standardized loadings of at least .69. In addition, all the AVEs were above the recommended threshold of .50, in support of convergent validity (Anderson and Gerbing, 1988; Fornell and Larcker, 1981). The CR values of each construct range from .90 to .94, well above the .60 recommended threshold (Bagozzi and Yi, 1988). To check for discriminant validity, we used Fornell and Larcker's (1981) criterion. Table 6 contains the correlations, and the square root of the AVE for each construct was greater than its correlations with any other constructs in the study, indicating discriminant validity (Chin, 2010).

Common method bias

To account for the potential threat of common method bias, we followed Podsakoff *et al.'s* (2003) recommendations, in both our survey design and statistical tests. First, to create psychological separation between the independent and dependent variables and prevent respondents from guessing the studied relationships, we inserted them in different sections in the questionnaire. Second, we confirmed the wording of each item was clear and succinct; we refined and improved the readability of the items with a pretest. Third, we assured respondents of the confidentiality of their responses and that there were no right or wrong answers, and we asked them to answer the questions as honestly as possible.

In addition, we employed statistical tests to assess the potential for common method bias. In Harman's single-factor test, the first factor accounted for only 37% of the total variance, so common method bias was not a significant concern (Podsakoff *et al*., 2003). As a marker variable, we included industry experience, which is theoretically unrelated to at least one variable in the model (Lindell and Whitney, 2001). The correlation between the marker variable and other variables in the model ranged from –.03 to .34. We adjusted the construct

correlations and statistical significance using the lowest positive correlation between this marker variable and other latent constructs (.04). When we compared the original and the adjusted correlation matrices, we found only small discrepancies (< .04), and none of the significant correlations became non-significant after the adjustment (Ju and Gao, 2017). This test confirmed that common method bias was unlikely. Finally, with an unmeasured latent method factor approach, we estimated the model with and without the latent method factor and noticed no significant changes (i.e., all changes are below the cut-off value of .20) in the factor loadings or path coefficients (Cohen, 1988; Teller *et al*., 2016). Therefore, common method bias does not appear to be a concern.

*** Table 6 about here ***

Analysis and results

We employ partial least squares (PLS) to test all the hypothesized main and moderating effects, for several reasons. First, PLS is a variance-based structural modelling technique that is more advantageous than covariance-based approaches when the measures are not well established (Fornell and Bookstein, 1982). The conceptual model includes both new (OCLP) and refined (perceived peers' informational and emotional support) measures, so it is appropriate to use PLS (Smith and Barclay, 1997). Second, compared with a maximum likelihood approach, PLS is less strict in its distribution assumptions (multivariate normality) and does not require a large sample for model testing (Chin, 1998). Considering the complexity of our model, with its many indictors, and the comparatively small sample size of 183 respondents, PLS appears appropriate for model testing (Hair *et al*., 2011). In Model 1, we test for the direct effect of OCLP on three outcome variables, accounting for the effects of perceived unfairness and control variables. In Model 2, we test the main effects of all predictor and control variables by adding the two moderating variables, and then we add the moderating effects in Model 3 (Table 7).

*** Table 7 about here ***

As the results in Table 7 reveal, we find significant negative relationships of OCLP with satisfaction with the supplier (β = –.34, $p < .01$), information sharing (β = –.31, $p < .01$), and positive WOM (β = –.18, $p < .05$), in support of H_{1a}, H_{1b}, and H_{1c}. Notably, OCLP has an even stronger impact on the partner's satisfaction (–.34 vs. –.19) and information sharing (–.31 vs. –.17) with the supplier than does perceived unfairness, which provides evidence of the unique impact of OCLP on channel relationships, even after controlling for this commonly studied threat. In terms of the moderation effects, perceived peers' informational support positively moderates the relationships of OCLP with satisfaction with the supplier (β = .21, $p < .05$) and positive WOM (β = .23, $p < .05$), in support of H_{2a} and H_{2c}. However, we do not find a significant moderating effect on the relationship between OCLP and information sharing, so we must reject H_{2b}. For perceived peers' emotional support, consistent with our prediction, it negatively moderates the relationships of OCLP with satisfaction with supplier (β = –.20, $p < .05$) and positive WOM (β = –.19, $p < .05$), in support of H_{3a} and H_{3c}. But we do not find support for H_{3b}.

We also analyse the data using ordinary least squares (OLS) regression to corroborate the findings. The main findings are consistent across both OLS and PLS. To confirm that the explanatory power of Model 3 (with interaction terms) is significantly higher than that of Model 2, we calculate the *R*-square difference and assess the overall effect size f^2 of the interaction. The effect sizes of the interaction for explaining satisfaction with the supplier, information sharing, and positive WOM are .12, .07, and .1, respectively, which are small to moderate (Cohen, 1988). We then performed pseudo *F* tests of the significance of f^2 (Gefen *et al*., 2000). The results affirm that Model 3 explains significantly more variance in the three channel relational outcome variables than does Model 2.

Consistent with our expectations, OCLP thus is negatively associated with channel partners' satisfaction with the supplier, information sharing, and positive WOM—three important outcomes that contribute to sustained, profitable channel relationships (Geyskens *et al*., 1999; Gu and Wang, 2011). We include perceived unfairness as a control variable to test for the impact of OCLP, and the results indicate that OCLP uniquely explains a significant portion of variance in the three outcome variables; it even shows a stronger association with satisfaction with the supplier and information sharing behaviour than perceived unfairness does. In summary, OCLP presents a threat to the channel relationship, and both practitioners and academics should attend to it.

Regarding the moderating effect of peer support, our findings indicate that perceived peers' informational support weakens the negative impact of OCLP on channel partners, except for their information sharing behaviour. Even if informational support from peers might indirectly reinforce channel partners' identification with the supplier, through increased identification with the peer community, it cannot completely replace the direct influence of resources from the supplier, in terms of building the identification and trust that serve as important determinants of pro-supplier behaviours, such as sharing important market information (Scott *et al*., 2014). In contrast, perceived peers' emotional support intensifies the negative impact of OCLP on channel partners, contrary to the COR theory suggestion that alternative support constitutes a potential coping mechanism (Hobfoll, 1989). That is, not all forms of support are equally useful for reducing negative impacts; some can even worsen them. Moreover, existing research into peer support tends to operationalize it as a unidimensional construct (due to high correlations across different dimensions; Drach-Zahavy, 2004), but our findings demonstrate the importance of studying its nuances.

General discussion

Although the impact of feeling out of the loop on social relationships has been well documented, important gaps remain with regard to its operationalization, potential impact, and boundary conditions. By addressing these gaps, the current study contributes to channel relationship literature in several ways. First, using an extensive literature review and field interviews, we conceptualize the phenomenon of channel partners' OCLP in distribution networks. In developing this new construct, we expand the out-of-the-loop concept beyond a social, relational paradigm and capture the nature of exchanges in channel relationships. Extending recent research (Mo *et al*., 2019), our broadened definition provides a proper theoretical foundation from which to examine a range of channel experiences that may pertain to this feeling in supplier–channel partner relationships. In turn, it facilitates a more comprehensive understanding of the phenomenon of perceived exclusion in business-to-business relationships. Although we developed this conceptualization specifically for a distribution channel context, it could be customized to study other settings, such as franchisor–franchisee and headquarter–subsidiary relationships.

Second, previous studies in out-of-the-loop research predominantly have adopted experimental designs. To the best of our knowledge, our investigation is the first to take a systematic approach to developing a scale for OCLP. We have followed rigorous scale development procedures, taking into account developments and improvements published in recent literature. The scale is easy to administer and adaptable to different business-to-business research contexts, so further investigations can continue to address this under-researched phenomenon. In developing this scale, we collected data from different industries, which increases its generalizability. To establish its uniqueness, we also empirically demonstrated its discriminant validity, relative to similar constructs (e.g., perceived unfairness). This scale offers satisfactory psychometric properties and usefulness with regard to studying the psychological and behavioural outcomes of channel partners.

Third, in validating the nomological relevance of OCLP to channel literature, we examine its impact on three important outcome variables, while also accounting for the effect of perceived unfairness, a relevant, well-established, relationship-damaging factor in channel literature. The results provide empirical evidence of the usefulness of the OCLP measure to predict theoretically and practically important relationships, even after controlling for the effect of perceived unfairness. Specifically, the OCLP scale effectively predicts channel partners' satisfaction with the supplier, information sharing, and positive WOM. Channel partners experiencing OCLP suffer increased stress in their working relationships with their suppliers, which leads to decreased satisfaction, information-sharing behaviour, and WOM about suppliers. Previous research suggests these outcomes are important for the well-being of channel relationships and significant sources of suppliers' competitive advantages (Frazier *et al*., 2009; Ireland and Webb, 2007). Accordingly, our findings suggest OCLP deserves more research attention. Continued research might adopt our scale to estimate its impact in business relationships.

In addition, recent studies on governance in distribution networks propose that channel partners in such networks are subject to two main governance mechanisms (Storey *et al*., 2018). Across many industries, suppliers use two tactics to govern large-scale partner networks: (1) certification of partners and (2) partner communities hosted on online interactive forums. The latter mechanism in particular suggests the possibility of information sharing and emotional support and advice. The results of our investigation of two types of peer support, as conditional variables to help explain the impact of OCLP on channel partners, suggest that the nature of the support provided determines the (contrasting) effects on the impact of OCLP. These findings indicate important implications for managing such outcomes. For example, perceived emotional support from peers can help channel partners deal with work-related stress and adversities (Scott *et al*., 2014), but suppliers should monitor

it carefully, especially if the partners are likely to feel excluded. Our results suggest that perceived emotional support from the peer community may cause them to ruminate on their exclusion, prompting even worse consequences. In such situations, suppliers might initiate direct dialogs with channel members experiencing OCLP and give them opportunities to express their work-related emotions and feelings but also discourage channel partners from discussing such negative feeling among themselves.

Limitations and further research

This research project has some limitations that offer starting points for further research. First, in developing the scale, we conducted three survey waves with different channel firms from various industries. Despite their similar professional backgrounds and the nature of their relationship with suppliers, each respondent faced a distinct working environment, reflecting both industry-specific and company-specific dynamics. Therefore, additional research should validate our OCLP scale using large samples drawn from channel partners in varied companies and industries, which would add to its robustness.

Second, to establish its uniqueness and relevance to broad channel literature, we included perceived unfairness in this study and evaluated its discriminant and nomological validity. As additional support for conceptual distinctiveness, we encourage further research to delineate OCLP from other, seemingly similar constructs that also tap the negative experiences of channel partners in relationships with suppliers, such as channel conflict or perceived supplier opportunism.

Third, our primary aim is to develop a measurement tool, contextualized in relation to pertinent criterion variables, and denote boundary conditions to establish nomological validity. However, a more granular identification of relevant control variables, beyond size and strategic importance (e.g., reseller loyalty, geographic proximity), could offer a pertinent contribution to on-going research.

Fourth, we collected data from channel firms in different industries and used different samples, but further evidence could improve the generalizability and validity of our findings even more. Drawing on COR theory, we predicted that OCLP reduces channel partners' willingness to share market information with the supplier, but the cross-sectional design of this study prevents any predictions about the causal relationship between OCLP and information sharing. A channel partner's tendency to avoid sharing or to hide information from the supplier might result in its exclusion, for example. Continued research could replicate this scale in other industry contexts or take a longitudinal approach to specify the drivers of OCLP.

Fifth, OCLP differs from other negative experiences in channel relationships, in that it features a lack of engagement by the supplier. This unique aspect suggests that the antecedents and potential consequences of OCLP may differ from those of other negative constructs. For example, research in organizational psychology shows that a feeling of being excluded can lead to positive individual responses, reflecting motivations to get back inside the loop (Jamieson *et al*., 2010). Further research might explore channel partners' possible positive responses to perceived supplier exclusion and the conditions in which such responses are likely. Research in this vein would provide important managerial implications.

Sixth, we identify a significant negative relationship between OCLP and perceived unfairness. This result might seem counterintuitive at first, but our reasoning reflects the character of perceived unfairness, which refers to interpretations of various business outcomes, such as estimated earnings or perceived return on investment (Table 5). Respondents who feel left out (i.e., higher OCLP scores) may invest less in their supplier relationships, so they anticipate doing less business with and obtaining relatively lower earnings from the supplier. These low returns then appear proportionate to their relationship investments, which may produce a positive correlation between OCLP and perceived

fairness, as we initially predicted. This rationale also stems from the unique nature of our focal construct, relative to other established channel relationships constructs. In turn, it is important to validate OCLP according to other channel network–relevant constructs; other studies also might explore potential moderators of the negative relationship between OCLP and perceived fairness.

Managerial implications

With its focus on OCLP in a distribution channel context, this study highlights that suppliers must recognize the potential for negative consequences of OCLP and manage these perceptions to minimise the negative implications. For suppliers, this study also offers several tools for managing OCLP. First, they can assess OCLP with the empirically validated scale and thereby achieve useful diagnoses of the potential for negative sentiment among channel partners, the extent to which it exists, and its topic. With these deep insights, managers can address specific areas to reduce OCLP. This reliable scale also enables suppliers to test out various intervention strategies to combat negative channel experiences. The scale items are easy to understand and applicable to different industries, so suppliers could incorporate them into routine channel experience surveys, to monitor OCLP among channel partners.

Second, OCLP might result from strategic intentions, natural attrition, or unintentional oversights and innocent neglect. In the latter case, we caution suppliers to monitor OCLP in channel relationships and address them (in)formally during meetings and encounters. The specific definition of OCLP establishes a common understanding of what it constitutes, which in turn may better direct practitioners' attention to sources that induce negative perceptions among channel partners. To deal with negative channel experiences, managers should attend to both economic and social aspects of their exchange relationships. That is, carefully managing channel partners' experiences with economic activities is important, but suppliers also should try to create inclusive social experiences that make partners feel

respected and cared for as valued channel members. For example, they could encourage more personal contact between representatives and channel firms. In addition, they should be transparent with channel information, such as business opportunities and plans, or at least provide valid reasons for why some partners are excluded.

Third, this study suggests tactics to incentivize information sharing among channel partners. Some major suppliers already know that their channel partners feel excluded from channel networks (Yirrell, 2004), but the factors contributing to such feelings—and whether they are worthy of managerial attention—have remained unclear. Our findings offer a useful tool for minimizing negative impacts. Suppliers should tactically leverage the resources available in the channel partner community; key initiatives might encourage the exchange of work-related information and knowledge among channel partners. For example, they could include collaboration with peers and information sharing as part of channel partners' performance appraisals, to promote a climate of informational support in the community. Our results suggest that the presence of such support among channel partners could serve to offset the perceived negative impact associated with supplier exclusion.

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Table 1 Definitions of being out of the loop

Study	Definition	Study Context
Jones et al. (2009)	An individual perceives that he or she is uninformed of something mutually known by other group members and relevant to social or task activities.	Laboratory experiment
Wittenbaum et al. (2010)	People perceive they are missing information that other members of their group know.	Laboratory experiment
Jones et al. (2011)	An individual perceives that he or she is uninformed of something mutually known by other group members and relevant to social or task activities.	Laboratory experiment
Jones and Kelly (2010)	An individual perceives that he or she is uninformed of something mutually known by other group members and relevant to social or task activities.	Laboratory experiment
Jones and Kelly (2013)	A form of ostracism in which a person perceives being unknowledgeable about information that is known by others in the group.	Laboratory experiment
Tinson et al. (2008)	A person not being aware of all the interactions of family members.	Family setting

Table 2 Practitioner interview quotes describing OCLP

"This supplier is unconcerned about giving us what we deserve."
"We received only a little marketing and selling support from the supplier compared with some of its other channel partners."
"This supplier only allows selective partners to sell this new product, and we are not included in the list."
"This supplier would not consider our economic interests over its preferred partners."
"This supplier rarely invites us to their channel social networking events."
"This supplier's sales representatives often visit their key partners, and we are rarely paid a visit."
"This supplier tends to talk to their favoured partners and would normally ignore us at channel social functions."
"Sometimes the supplier left us in the dark about good business opportunities that their key partners seem to know."

Table 3 Scale items, descriptive statistics, and factor loadings

Factor items	Survey 2 (N = 98)			Survey 3 (N = 183)		
	Mean	SD	Loading	Mean	SD	Loading
Compared with some of its channel partners, this supplier…						
1. only provides us a little marketing and selling support.	2.74	1.61	.70	3.03	1.78	.76
2. only provides us a little training on its products.	2.63	1.54	.56	2.76	1.72	.71
3. often ignores our request or enquiry regarding its products.	2.54	1.45	.74	2.87	1.67	.85
4. often disregards our economic interests when it makes decisions that affect us.	2.88	1.47	.79	3.16	1.81	.80
5. rarely sends sales representatives to visit us.	2.66	1.56	.75	2.89	1.76	.75
6. often ignores us at social events (e.g. channel partners conference).	2.69	1.50	.89	2.76	1.72	.82
7. rarely explains its decisions to us, even if they may affect us.	2.54	1.57	.86	3.03	1.71	.84
8. sometimes leaves us in the dark about things (e.g. new business opportunities) we ought to know.	2.62	1.49	.85	2.83	1.75	.83

Notes: SD = standard deviation.

Table 4 Model comparison: Discriminant validity of OCLP and perceived unfairness

Model	Chi-square	df	CFI	TLI	RMSEA	GFI	AGFI	NFI
Initial Validation (second survey)								
Single-factor model (OCLP + unfairness)	255.57	51	.74	.67	.20	.70	.53	.70
Two-factor model (OCLP and unfairness separated)	83.27	50	.96	.95	.08	.88	.81	.90
Final Validation (third survey)								
Single-factor model (OCLP + unfairness)	611.81	51	.66	.56	.25	.61	.41	.64
Two-factor model (OCLP and unfairness separated)	86.67	50	.98	.97	.06	.93	.89	.95

Notes: CFI = confirmatory fit index, TLI = Tucker–Lewis index, RMSEA = root mean square error of approximation, GFI = goodness-of-fit index, AGFI = adjusted goodness-of-fit index, and NFI = normed fit index.

Table 5 Measurement items and validity assessment

Construct	Loadings	*t*-Value	CR	AVE
OCLP			.93	.63
Compared with some of its channel partners, this supplier…				
• only provides us a little marketing and selling support.	.75			
• only provides us a little training on its products.	.69	11.29		
• often ignores our request or enquiry regarding its products.	.86	12.00		
• often disregards our economic interests when it makes decisions that affect us.	.82	11.34		
• rarely sends sales representatives to visit us.	.73	9.90		
• often ignores us at social events (e.g. channel partners conference).	.81	11.40		
• rarely explains its decisions to us, even if they may affect us.	.83	11.52		
• sometimes leaves us in the dark about things (e.g. new business opportunities) we ought to know.	.82	11.30		
Perceived peers' informational support			.90	.69
• Members in this supplier's channel partner network generally share information with one another, rather than keeping it to themselves.	.80	14.03		
• Channel members' view is listened to even if they are in a minority.	.80	13.61		
• In this supplier's channel partner network, members keep each other informed about sales channel–related issues.	.86	15.42		
• There are real attempts to share information throughout the channel partner's network.	.87			
Perceived peers' emotional support			.90	.69
• In this supplier's channel partner network, members feel understood and accepted by each other.	.86			
• In this supplier's channel partner network, members have a "we are in this together" attitude.	.80	13.54		
• There are consistently harmonious relationships among members in this supplier's channel partner network.	.91	16.71		
• Members in this supplier's channel partner network never feel tense with one another.	.75	12.40		
Satisfaction with supplier			.94	.81
• Our association with this supplier has been a highly successful one.	.85	16.51		
• If we had to give this supplier a performance appraisal, it would be outstanding.	.90			
• Taking all the different factors into account, this supplier's performance has been excellent.	.95	22.07		
• Overall, the results of our relationship with this supplier have exceeded our expectations.	.89	18.20		
Information sharing			.89	.72
• We always keep this supplier informed about events or changes that may affect them.	.87	14.24		
• It is expected that any information that might help this supplier is provided to them.	.84			

• This supplier provides us with detailed concepts and product information.	.84	13.59		
Positive word of mouth			.90	.75
• We spoke positively of this supplier to others.	.85			
• We recommended this supplier to our customers.	.88	24.91		
• We recommended this supplier to other resellers.	.86	24.90		
Perceived unfairness			.93	.76
Our earnings from this supplier's business are fair given…				
• the duties and responsibilities that our company performs for this supplier.	.87	16.16		
• what this supplier earns from its sales through our company.	.88			
• the contributions our company makes towards this supplier's marketing effort in our market.	.91	17.54		
• what other similar channel partners of this supplier earn.	.82	14.33		

Notes: CR = composite reliability, AVE = average variance extracted. The fit indices are as follows: $\chi^2 = 540.40$; $p < .01$; $\chi^2/df = 1.44$; root mean square error of approximation = .05; comparative fit index = .96; incremental fit index = .96; Tucker–Lewis index = .96; goodness-of-fit index = .84; adjusted goodness-of-fit index = .80; standardized root mean residual = .05.

Table 6 Correlations, means, and standard deviations

Constructs	1	2	3	4	5	6	7	8	9	10	11	12
1. OCLP	**.79**											
2. Perceived peers' informational support	–.30**	**.83**										
3. Perceived peers' emotional support	–.29**	.81**	**.83**									
4. Satisfaction with supplier	–.38**	.61**	.63**	**.90**								
5. Information sharing	–.34**	.50**	.52**	.74**	**.85**							
6. Positive word of mouth	–.20**	.49**	.44**	.59**	.57**	**.87**						
7. Perceived unfairness	–.24**	–.03	–.05	–.09	–.11	–.16*	**.87**					
8. Firm size[a]	–.06	.02	–.04	.07	.14	.08	–.26**	–				
9. Relationship length[b]	–.17*	.03	.03	.13	.08	.14	–.01	.15*	–			
10. Strategic importance	–.25**	.44**	.39**	.50**	.43**	.40**	–.00	.10	.22**	–		
11. Exclusive dealing [c]	–.03	–.01	.01	–.04	–.05	–.15*	.04	–.02	.07	–.16*	–	
12. Industry experience	–.08	.31**	.34**	.22**	.17**	.05	.09	–.15*	.04	.28**	–.03	–
Mean	2.91	4.87	5.25	5.38	5.54	4.89	3.67	2.84	2.80	5.52	.62	5.46
Standard deviation	1.43	1.47	1.33	1.24	1.26	1.48	1.60	2.05	1.15	1.12	.49	1.18

Notes: The square root of the AVE is on the diagonal.

[a]Firm size is calculated on the basis of the number of full-time employees. It consists of six categories: 1 = 10 and below, 2 = 11–20, 3 = 21–30, 4 = 31–40, 5 = 41–50, and 6 = 51 and above.

[b]Relationship length consists of five categories: 1 = less than 2 years, 2 = 3–5 years, 3 = 6–8 years, 4 = 9–11 years, and 5 = more than 11 years.

[c]Exclusive dealing is coded as 1 = not exclusively dealing, and 0 = exclusively dealing.

*$p < .05$.

**$p < .01$.

Table 7 Main and moderating effects tests

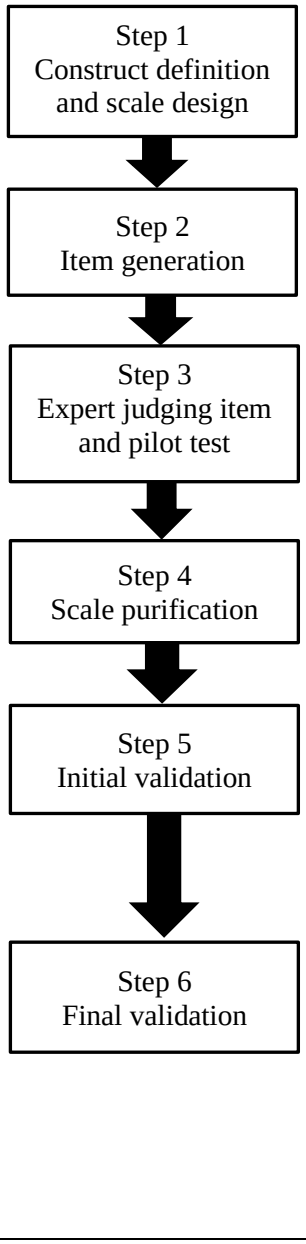
	Model 1			Model 2			Model 3		
	Satisfaction with supplier	Information sharing	Positive WOM	Satisfaction with supplier	Information sharing	Positive WOM	Satisfaction with supplier	Information sharing	Positive WOM
OCLP	–.34(5.46)**	–.31 (4.33)**	–.18 (2.51)*	–.21(3.17)**	–.20 (2.56)*	–.08 (1.39)	–.17 (2.52)*	–.19(2.71)**	–.08 (1.43)
Perceived peers' informational support (PIS)				.19 (2.23)*	.10 (1.02)*	.32 (2.92)**	.15 (1.77)	.08 (.91)	.24 (2.00)*
Perceived peers' emotional support (PES)				.32 (3.50)**	.31 (2.52)*	.07 (.88)	.32 (3.71)**	.28 (2.45)*	.09 (1.11)
Two-way interactions									
OCLP × PIS							.21 (2.19)*	–.16 (1.47)	.23 (2.33)*
OCLP × PES							–.20 (2.17)*	–.06 (.65)	–.19 (2.24)*
Control variables									
Perceived unfairness	–.19 (2.88)**	–.17 (2.35)*	–.21 (2.43)*	–.12 (2.20)*	–.11 (1.81)*	–.16 (2.07)*	–.10 (1.93)	–.14 (2.30)*	–.14 (2.00)*
Firm size	–.03 (.80)	.05 (1.08)	–.03 (.58)	.01 (.40)	.09 (1.78)	–.01 (.13)	.02 (.63)	.12 (2.33)	.01 (.14)
Relationship length	–.03 (.52)	–.06 (.94)	.05 (.89)	.02 (.51)	–.02 (.38)	.08 (1.39)	–.01 (.21)	–.04 (.82)	.05 (.94)
Strategic importance	.42 (4.63)**	.36 (3.90)**	.34 (4.18)**	.23 (2.87)**	.21 (2.83)**	.19 (2.40)*	.23 (3.14)**	.21 (2.68)**	.18 (2.28)*
Exclusive dealing	.02 (.49)	.00 (.03)	–.09 (1.41)	–.01 (.41)	–.02 (.66)	–.11 (1.78)	.01 (.19)	.01 (.25)	–.09 (1.41)
R^2	.36	.28	.23	.53	.39	.34	.58	.43	.40
R^2 change							.05	.04	.06

Notes: All parameter estimates are standardized. WOM = word of mouth.

**$p < .01$ (two-tailed test).

*$p < .05$ (two-tailed test).

Figure 1 Overview of scale development procedure



Process steps	Data and Methods	Results
Step 1 Construct definition and scale design	• Literature review • Interview with 12 practitioners	• Definition of OCLP.
Step 2 Item generation	• Literature review • Interview with 12 practitioners	• Initial set of 42 items.
Step 3 Expert judging item and pilot test	• Expert (10 scholars with expertise in supply chain management and relationship marketing) evaluation for face and content validity • Pilot test with 14 professionals	• 24 items retained as the initial basis for the OCLP scale.
Step 4 Scale purification	• Data from 155 IT service channel partner firms (Survey 1) • Exploratory factor analysis (EFA)	• Final scale of 8 items. • Single dimension is revealed.
Step 5 Initial validation	• Data from 98 resellers (Survey 2) • Confirmatory factor analysis (CFA) • Dimensionality check • Overall model fit • Convergent validity • Reliability	• Single dimension is confirmed. • Model fits the data well. • Discriminant validity from perceived unfairness established.
Step 6 Final validation	• Data from 183 resellers from four industries (Survey 3) • EFA • CFA • Dimensionality check • Overall model fit • Convergent validity • Discriminant validity • Reliability	• Single dimension is further confirmed. • Model fits the data well. • Discriminant validity from perceived unfairness is confirmed.

Figure 2 Conceptual model